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New Issue

AR05

AGF PREFERRED INCOME FUND

An Investment Fund Managed by A.G.F. Management Limited

AGF Preferred Income Fund (the "Preferred Fund") is a professionally managed open-end trustee mutual investment fund which was established on April 10, 1984 under the laws of Ontario. The principal investment objective of the Preferred Fund is to maximize dividend income to unitholders through investment primarily in high quality preferred shares of Canadian corporations.

OFFERING OF MUTUAL FUND UNITS

The initial offering of units of the Preferred Fund will continue for a period (the "Initial Offering Period") ending at the close of business on June 22, 1984 or such date (not more than seven days later) as may be determined by A.G.F. Management Limited. Orders will be received, subject to acceptance of orders for not less than 25,000 units by the termination of the Initial Offering Period and subject to the right to close the order books at any time without notice. The subscription price for orders placed during the Initial Offering Period will be payable on the last day of the Initial Offering Period. It is expected that the closing will take place on or about June 26, 1984 but not later than seven days after the termination of the Initial Offering Period (the "Closing"). All expenses of the initial offering will be paid by A.G.F. Management Limited and not by the Preferred Fund.

After the termination of the Initial Offering Period, no units will be offered for sale by the Preferred Fund during the succeeding 60 day period. Thereafter units will be offered on a continuous basis.

The minimum amount for an initial investment by an investor is \$1,000 and subsequent investments by such investor must be at least \$500. The subscription price of each unit is the net asset value thereof plus commission. During the Initial Offering Period, the net asset value per unit is fixed at \$9.60. After the termination of the Initial Offering Period, the net asset value per unit will be computed as described under "Computation of Net Asset Value". During the initial and subsequent continuous offering, the commission is equal to a maximum of 4.0% of the subscription price including such commission or 4.17% of the net asset value and is reduced on orders of \$25,000 or more.

A.G.F. Management Limited conditionally offers the units for sale on a best efforts basis during the Initial Offering Period if, as and when issued by the Preferred Fund in accordance with the conditions contained in the Distributorship Agreement referred to under "Sale of Units". Investors may place orders with, and send the subscription price for units to, investment dealers, brokers and mutual fund specialists registered in the province of purchase. Orders may also be placed directly with, and the subscription price for units may be sent directly to, A.G.F. Management Limited in the Province of Ontario.

BRINK HUDSON & LEFEVER LTD.
FOURTH FLOOR, 700 WEST PENDER STREET.
VANCOUVER, B.C. V6C 1C1

PROSPECTUS SUMMARY

This summary is qualified by the detailed information appearing elsewhere in this prospectus.

The Preferred Fund

AGF Preferred Income Fund (the "Preferred Fund") is an open-end trustee mutual investment fund established under the laws of Ontario. A.G.F. Management Limited is the trustee of the Preferred Fund.

Management of the Preferred Fund

The manager of the Preferred Fund is A.G.F. Management Limited (the "Manager"), a corporation incorporated under the laws of the Province of Ontario. The Manager manages and distributes 12 other mutual funds, with an aggregate net asset value of over \$518,000,000 as at April 30, 1984. The Manager is responsible for the management of the Preferred Fund, including the making of investment decisions relating to the Preferred Fund's portfolio. Reference is made to "Management of the Preferred Fund" and "Board of Governors of the Preferred Fund" for a description of the management of the Preferred Fund, the fees payable to the Manager and the composition of the Board of Governors of the Preferred Fund.

Investment Objectives and Portfolio

The principal investment objective of the Preferred Fund is to maximize dividend income to unitholders by investing primarily in high quality preferred shares of taxable Canadian corporations. The net asset value of the units will fluctuate with changes in the market value of the Preferred Fund's investments. Reference is made to "Investment Objectives" and "Investment Restrictions and Policies".

Offering of Units

The initial offering of units will continue for a period (the "Initial Offering Period") ending at the close of business on June 22, 1984 or such date (not more than seven days later) as may be determined by A.G.F. Management Limited. Orders will be received, subject to acceptance of orders for not less than 25,000 units (the "Minimum Offering Amount") by the termination of the Initial Offering Period and subject to the right to close the order books at any time without notice. The subscription price will be payable on the last day of the Initial Offering Period. The subscription monies will be received and held in escrow by a Canadian chartered bank and, if subscriptions for the Minimum Offering Amount are not accepted, such monies will be returned to subscribers with interest earned thereon not more than seven days after the termination of the Initial Offering Period. After termination of the Initial Offering Period, no units will be offered for sale by the Preferred Fund during the succeeding 60 day period. Thereafter units will be offered on a continuous basis. Investors may place orders with, and send the subscription price for units to, investment dealers, brokers and mutual fund specialists registered in the province of purchase. Orders may also be placed directly with, and the subscription price for units may be sent directly to, A.G.F. Management Limited in the Province of Ontario.

The minimum amount for an initial investment by an investor in the Preferred Fund is \$1,000 and subsequent investments by such investor must be at least \$500. The subscription price of each unit is the net asset value thereof plus commission. During the Initial Offering Period, the net asset value per unit is fixed at \$9.60. After the termination of the Initial Offering Period, the net asset value per unit will be computed as described under "Computation of Net Asset Value". During the initial and subsequent continuous offering, the commission is equal to a maximum of 4% of the subscription price including such commission or 4.17% of the net asset value and is reduced on sales of \$25,000 or more. Reference is made to "Sale of Units".

Distributions and Reinvestment	Distributions to unitholders will be made monthly, commencing in July 1984, in amounts estimated by the Manager to equal one-twelfth of the anticipated net income of the Preferred Fund for tax purposes for the calendar year. The Preferred Fund will also distribute its net realized capital gains (reduced by loss carry forwards, if any) in the last month of each calendar year. Unless a unitholder otherwise directs, all distributions will be cash distributions. Unitholders may direct that distributions be reinvested automatically in additional units of the Preferred Fund at the applicable net asset value thereof, without commission or other charge, in lieu of such cash payment. Reference is made to "Distributions".
Redemption of Units	Units of the Preferred Fund may be redeemed at the option of the holder at the net asset value thereof next determined following receipt by the Preferred Fund of the application for redemption. The net asset value will be normally determined as at the close of trading on each day that The Toronto Stock Exchange is open for trading. Reference is made to "Redemption of Units" and "Computation of Net Asset Value" for a discussion of the calculation of the net asset value used on the redemption of units.
Transfer Privilege	Unitholders of the Preferred Fund may arrange, in the manner and subject to the terms set forth under "Transfer Privilege", for transfer of their investment in the Preferred Fund to certain of the mutual funds managed by A.G.F. Management Limited, on payment of a commission per share or unit not to exceed 2% of the subscription price thereof, provided such shares or units are qualified for sale to the public in the province where the unitholder resides. This privilege enables unitholders to adjust their investments to varying economic conditions as well as to changes in their own investment objectives.
Taxation	The Preferred Fund will not be liable for income tax as the Preferred Fund will in each year distribute an amount not less than its net income for tax purposes and net realized capital gains (reduced by loss carry forwards, if any). The Preferred Fund will designate the portion of the net income distributed to unitholders as may reasonably be considered to consist of taxable dividends received by the Preferred Fund on shares of taxable Canadian corporations. Such designated amount will be deemed for tax purposes to be a taxable dividend received by unitholders from such corporations. In the case of a unitholder who is an individual, the dividend gross-up and tax credit treatment normally applicable to dividends paid by a taxable Canadian corporation will apply. In addition, the deduction of up to \$1,000 of interest, grossed-up dividends and taxable capital gains will apply. Reference is made to "Taxation".
Eligibility	The Preferred Fund has been designed to satisfy the investment objectives of certain taxable investors and not as an investment vehicle appropriate for deferred income plans such as registered retirement savings plans and registered retirement income funds. However, it is anticipated that the Preferred Fund will qualify as a mutual fund trust as defined in the Income Tax Act (Canada) and consequently units will be qualified investments for such deferred income plans. Reference is made to "Eligibility".

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The Preferred Fund

AGF Preferred Income Fund (the "Preferred Fund") is an open-end trusted mutual investment fund, of which A.G.F. Management Limited is the trustee (the "Trustee"), established under the laws of Ontario by Declaration of Trust dated the 10th day of April, 1984, as amended by an amendment dated May 8, 1984. A.G.F. Management Limited is also the manager (the "Manager") of the Preferred Fund. The registered office of the Manager and the head office of the Preferred Fund is the 50th Floor, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario.

Investment Objectives

The principal investment objective of the Preferred Fund is to maximize dividend income from taxable Canadian corporations. Generally, dividends (other than capital dividends) paid by taxable Canadian corporations and distributed by the Preferred Fund to individuals resident in Canada will qualify for the dividend tax credit. The Manager intends to manage the Preferred Fund's portfolio so as to provide annual dividend income from the Preferred Fund approximately equal to the average market yield on high quality preferred shares for the year, less the operating costs of the Preferred Fund. By investing in a diversified portfolio of high quality preferred shares of taxable Canadian corporations, including not more than 20% of convertible and exchangeable preferred shares, the Preferred Fund has been structured to provide high after-tax income, protection of capital, reasonable price stability, diversified investment risk and the opportunity for moderate capital appreciation.

The market values of the securities and other investments held and consequently, the net asset value of the Preferred Fund, will fluctuate with economic factors such as the general level of interest rates, changes in the credit status of the investments and changes in the income tax treatment of dividends from Canadian corporations and other factors. Any such changes could result in an increase or decrease in the net asset value of the Preferred Fund for an extended period of time.

The Preferred Fund will pay a monthly distribution equal to one-twelfth of the anticipated net income of the Preferred Fund. The Preferred Fund will also distribute in the last month of each calendar year the net realized capital gains (reduced by loss carry forwards, if any) of the Preferred Fund. Unless otherwise directed by a unitholder, distributions will be cash distributions. Unitholders may direct that distributions be reinvested automatically in additional units of the Preferred Fund at the applicable net asset value thereof (without commission or other charge). Reference is made to "Distributions" and "Taxation".

Investment Restrictions and Policies

The investment of the Preferred Fund's assets by the Manager is subject to investment restrictions contained in the Declaration of Trust, which investment restrictions can be changed only for the purposes and in the manner described under "Modification of the Declaration of Trust". These investment restrictions provide that the Manager may not:

- (a) make loans to other persons or companies;
- (b) invest in any security which may by its terms require the Preferred Fund to make an additional contribution, provided that this restriction will not apply so as to prevent the purchase of warrants or rights otherwise permitted to be purchased;
- (c) purchase securities on margin;
- (d) sell securities short;
- (e) write any option;
- (f) purchase any clearing corporation option;
- (g) invest more than 10% of the Preferred Fund's assets in securities which are not traded through the facilities of a stock exchange or in an over-the-counter market;
- (h) purchase or sell commodity futures contracts or commodity futures options;
- (i) engage in the business of underwriting securities or marketing to the public securities of any other person or company;
- (j) invest in any person or company for the purpose of the Preferred Fund exercising control over or managing such person or company;

- (k) purchase securities, other than through normal market facilities, unless the purchase price approximates the prevailing market price or is negotiated on an arm's length basis;
- (l) purchase securities that are restricted as to resale except for lettered stock;
- (m) borrow money, except as a temporary measure and then only in an amount not to exceed five per cent of the Preferred Fund's net assets (taken at market value at the time of borrowing) and only for the purpose of accommodating requests for the redemption of units while effecting an orderly liquidation of portfolio securities; or pledge, mortgage or hypothecate its assets for any purpose other than to secure such borrowing and then only to the extent of 10% of the Preferred Fund's net assets;
- (n) invest in the securities of any issuer (other than securities issued or guaranteed as to principal and interest by the Government of Canada or a province thereof) if as a result thereof,
 - (i) more than 10% of the Preferred Fund's assets (taken at market value at the time of acquisition) would be invested in the securities of such issuer, or
 - (ii) the Preferred Fund would hold more than 10% of any class of securities of such issuer;
- (o) invest in any person or company who is a substantial security holder of the Preferred Fund or of the Preferred Fund's management company or distribution company, or in any person or company in which the Preferred Fund together with one or more related mutual funds, is a substantial security holder; and
- (p) invest in any person or company in which any officer or director of the Trustee, of the Preferred Fund's management company or distribution company or an associate of any of them, or in which any person or company who is a substantial security holder of the Preferred Fund, of the Preferred Fund's management company or distribution company or of the Trustee or in which any combination of the foregoing persons or companies owns beneficially, either individually or together and either directly or indirectly, more than five per cent of the issued and outstanding voting securities of such person or company;

provided, however, that there shall be no restriction as to the amount of the Preferred Fund's assets that may be invested from time to time in secured short-term paper and in short-term paper and certificates of deposit issued or guaranteed by a Canadian chartered bank whose securities are listed and posted for trading on The Toronto Stock Exchange.

In addition, restrictive investment policies are adopted by the Trustee from time to time (which policies may be changed without unitholder approval but only after 30 days' written notice of such change to unitholders and only if redemptions are not suspended during such 30 days). These restrictive investment policies presently provide that the Manager will not:

- (a) invest more than 10% of the Preferred Fund's assets (taken at market value at the time of acquisition) in securities other than preferred or common shares of taxable Canadian corporations;
- (b) invest more than 20% of the Preferred Fund's assets (taken at market value at the time of acquisition) in common shares or in preferred shares which are convertible or exchangeable into common shares;
- (c) invest more than five per cent of the Preferred Fund's assets (taken at market value at the time of acquisition) in any warrants or rights except for warrants or rights which were purchased by the Preferred Fund in units with other securities or attached to other securities or issued to the Preferred Fund as a holder of any securities;
- (d) invest less than 50% of the Preferred Fund's assets (taken at market value at the time of acquisition) in preferred shares which at the time of acquisition are rated either: (i) "P1" or "P2" by the Canadian Bond Rating Service; or (ii) "AAA" or "AA" by the Dominion Bond Rating Service;
- (e) invest in securities of any other mutual fund; and
- (f) invest in lettered stock, if, after giving effect to such purchase, more than 10% of the Preferred Fund's assets (taken at market value at the time of acquisition) would consist of lettered stock;

provided, however, that there shall be no restriction as to the amount of the Preferred Fund's assets that may be invested from time to time in secured short-term paper and in short-term paper and certificates of deposit issued

or guaranteed by a Canadian chartered bank whose securities are listed and posted for trading on The Toronto Stock Exchange.

For purposes of the foregoing investment restrictions and policies, the assets and net assets of the Preferred Fund shall be valued as set out under "Computation of Net Asset Value". The rating classifications "P1" and "P2" represent the highest investment grade ratings that may be assigned to a preferred share issue by CBRS, Inc. (the "Canadian Bond Rating Service"). According to the Canadian Bond Rating Service, preferred shares in these rating categories "represent high-grade issues where both asset and earnings protection are well assured". The rating classifications "AAA" and "AA" represent the highest investment quality ratings that may be assigned to a preferred share issue by the Dominion Bond Rating Service Limited ("DBRS"). According to DBRS, preferred shares in these rating categories "are of superior investment quality, and protection of dividend and par value is considered high". The terms "substantial security holder", "related mutual fund" and "voting securities" as used herein have the meanings attributed thereto by the Securities Act (Ontario). The terms "commodity futures contracts" and "commodity futures options" have the meanings attributed thereto by the Commodity Futures Act (Ontario). The expression "clearing corporation option" as used in this prospectus means an option issued by a clearing corporation recognized by any securities authority in Canada. The expression "lettered stock" as used in this prospectus means securities, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Preferred Fund or by the Preferred Fund's predecessor in title.

Management of the Preferred Fund

The Preferred Fund has entered into an agreement dated May 8, 1984 (the "Management Agreement") with the Manager, 50th Floor, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario. Under this agreement, the Manager is responsible for the management of the Preferred Fund's investment portfolio, including the making of decisions relating to the investment of the Preferred Fund's assets. Mr. Goldring is the officer of the Manager responsible for the management of the Preferred Fund's investment portfolio. The Manager furnishes the office space and facilities, clerical help, bookkeeping and the internal accounting and auditing services required by the Preferred Fund. Registry and transfer agency services, distribution crediting services and all other unitholder servicing requirements are also furnished by or on behalf of the Manager. In this respect the Manager has retained MFS Limited, 155 University Avenue, Toronto, Ontario, to provide data processing and administrative services to the Manager. The Manager owns 20% of the equity shares of MFS Limited and Mr. Goldring and Mr. Farquharson, who are directors and officers of the Manager, are also directors of MFS Limited.

Semi-annual interim financial statements of the Preferred Fund will be mailed to unitholders within 45 days from the end of June of each year and comparative annual financial statements for the fiscal year of the Preferred Fund will be sent to unitholders within 140 days from the end of December of each year.

In consideration of the services provided by the Manager as described above, the Preferred Fund will pay the Manager a fee at the annual rate of 1/2 of 1% of the average net asset value of the Preferred Fund for each year, in monthly instalments on an estimated basis at the end of each month, subject to adjustment as required on the last day of the calendar year.

The expenses incurred by or on behalf of the Preferred Fund in connection with all matters other than the provision of advice and recommendations with respect to investment policies, management services in connection with the Preferred Fund's daily operations, the expenses relating to the offering of units during the Initial Offering Period and the fees of the Board of Governors are the direct responsibility of the Preferred Fund. Accordingly, the expenses to be paid directly by the Preferred Fund include (in addition to commissions and brokerage fees on the purchase and sale of portfolio securities and taxes of all kinds to which the Preferred Fund is or might be subject) all amounts in respect of the following: the charges made for registry and transfer agency services, distribution crediting services and all services required in connection with the provision of information to unitholders, interest expenses, auditors and legal fees, safekeeping charges, charges made for branch transfer agency services and costs of submitting annual and semi-annual financial reports to unitholders.

Management fees and other expenses vary from mutual fund to mutual fund. National Policy 7 of securities administrators in Canada requires that where the manager of a mutual fund proposes to increase its management fee or to change the basis for the calculation of the management fee or other expenses which would result in an increase in charges to a mutual fund, such change must be approved by the unitholders of the mutual fund, such approval to be expressed by at least a majority of the votes cast at a meeting of the unitholders duly called for

the purpose of considering the same provided that such majority represents at least 10% of the outstanding units of the mutual fund on the date that the notice calling the meeting was mailed.

None of the provisions of the Management Agreement may be added to, changed or deleted without the approval of the unitholders of the Preferred Fund, such approval to be expressed by at least a majority of the votes cast at a meeting of unitholders duly called for the purpose of considering the same. The Management Agreement may be terminated by the Preferred Fund only upon the approval of the unitholders of the Preferred Fund, such approval to be expressed by at least 66-2/3% of the votes cast at a meeting of unitholders duly called for the purpose of considering the same at which the holders of at least 33% of the units of the Preferred Fund are represented. The Management Agreement may also be terminated at the request of the Manager or upon the mutual agreement of the Manager and the Trustee but only upon the approval of unitholders of the Preferred Fund, such approval to be expressed by at least a majority of the votes cast at a meeting of the unitholders duly called for the purpose of considering the same.

The Manager manages and distributes 12 other mutual funds with an aggregate net asset value of over \$518,000,000 at April 30, 1984. The investment objectives and portfolio assets of these other mutual funds differ from those of the Preferred Fund.

The names and municipalities of residence of the directors and officers of the Manager and the positions and offices held with the Manager are as follows:

Name and Municipality of Residence	Position with the Manager
*WILLIAM ALLAN MANFORD North York, Ontario	Director and Honorary Chairman of the Board
*CHARLES WARREN GOLDRING North York, Ontario	Director, Chairman of the Board and President
KENNETH JOHN GRAY Toronto, Ontario	Director and Senior Vice-President
*WILLIAM ROBERT FARQUHARSON Toronto, Ontario	Director and Senior Vice-President
RICHARD JOHN WHITING North York, Ontario	Director and Vice-President
WALTER ALAN KEYSER Terra Cotta, Ontario	Director
GORDON BRUCE SUTHERLAND Islington, Ontario	Director
WILLIAM DONALD CAMERON Toronto, Ontario	Vice-President
YVONNE CLAIR JERRED, C.G.A. Scarborough, Ontario	Vice-President and Treasurer
MARY JOSEPHINE TURNER Scarborough, Ontario	Secretary

*Members of the Board Governors of the Preferred Fund

Each of the directors and officers of the Manager has been engaged in the business of the Manager and/or its subsidiaries during the five years preceding the date of this prospectus except as follows: Walter Alan Keyser since April 1, 1984 has been Treasurer of The Dominion Life Assurance Company, since October 27, 1983 has been Vice-President, The Dominion Life Assurance Company and prior thereto was President of W. A. Keyser & Associates Limited; William Allan Manford ceased to be actively engaged in the business of the Manager in May 1977; and Gordon Bruce Sutherland since March 29, 1983 has been a mutual fund dealer carrying on business under the name of Sutherland Investment Corporation, during the period from November 1979 to March 1983 was a Registered Representative of Versatile Investments, Inc., Toronto and during the period from September 1976 to November 1979, was employed as an author and publisher.

Board of Governors of the Preferred Fund

Pursuant to the Declaration of Trust, the Trustee has appointed a Board of Governors of the Preferred Fund. The role of the Board of Governors is primarily to act as an investment advisory committee to the Trustee and the Manager in matters pertaining to the investment policy of the Preferred Fund and to receive and review periodic reports concerning the investment of the Preferred Fund's assets, the issue and redemption of units of the Preferred Fund and distributions to unitholders of the Preferred Fund. No remuneration is paid by the Preferred Fund to the members of the Board of Governors of the Preferred Fund as their remuneration is the responsibility of the Manager.

The names and municipalities of residence of the members of the Board of Governors of the Preferred Fund and their principal business associations during the five years preceding the date of this prospectus are as follows:

Name and Municipality of Residence	Principal Business Association
CHARLES BAKER King, Ontario	Chairman, The Ontario Jockey Club and its subsidiaries, and Chairman, Charles Baker Advertising Limited and its subsidiaries, Toronto, Ontario
PHILIPPE CASGRAIN, Q.C. St. Cesaire, Quebec	Barrister & Solicitor, Byers Casgrain, Montreal, Quebec
*WILLIAM ROBERT FARQUHARSON Toronto, Ontario	Director and Senior Officer, A.G.F. Management Limited, Toronto, Ontario
*CHARLES WARREN GOLDRING North York, Ontario	Director and Senior Officer, A.G.F. Management Limited, Toronto, Ontario
HUGH IAN MACDONALD Toronto, Ontario	President, York University, Toronto, Ontario
*WILLIAM ALLAN MANFORD North York, Ontario	Company Director
SAMUEL TODD PATON North York, Ontario	Company Director
ROBERT BERKELEY TAYLOR North York, Ontario	Company Director; during the period January 1, 1975 to June 30, 1979, Chairman of Ontario Hydro, Toronto, Ontario

*Directors and Officers of the Manager

Portfolio Transactions

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of all portfolio transactions, including selection of market, broker and the negotiation, where applicable, of commissions are made by the Manager. In effecting portfolio transactions, the Manager seeks to obtain prompt execution of orders on favourable terms. To the extent that the executions and prices offered by more than one investment dealer or broker are comparable, the Manager may, in its discretion, choose to effect portfolio transactions with investment dealers and brokers who place orders for units of the Preferred Fund or who provide research, statistical and other similar services to the Preferred Fund or A.G.F. Management Limited.

When the Manager believes that portfolio transactions can be executed advantageously for the Preferred Fund, the Manager may execute such transactions through AGF Securities, Inc. or through Strathy & Simmons Limited, each of which is a wholly-owned subsidiary of the Manager. These subsidiaries may execute such transactions directly or through other investment dealers or brokers and, from time to time, may receive brokerage business from other investment dealers or brokers who have executed transactions for such subsidiaries or for the Preferred Fund directly. In such event, the compensation with respect to the execution of such transactions will be received by AGF Securities, Inc. or Strathy & Simmons Limited, as the case may be.

Custodianship of Securities

The securities of the Preferred Fund will be held under the custodianship of a Canadian chartered bank, 20 King Street West, Toronto, Ontario pursuant to its appointment in the normal form required by such bank.

Principal Holders of Securities

At May 8, 1984, the number of securities of each class of voting securities of the Preferred Fund and of the Manager owned of record or beneficially, directly or indirectly, by each person or company who owns of record more than 10% of any class of such securities was as set forth in the following table:

Name and Municipality of Residence	Name of Company	Issuer or Relationship thereto	Designation of Class	Type of Ownership	Securities Owned	Percentage of Class
WILLIAM ROBERT FARQUHARSON Toronto, Ontario	A.G.F. Management Limited	Manager	Common	Record and Beneficial	336	14.0%
CHARLES WARREN GOLDRING North York, Ontario	A.G.F. Management Limited	Manager	Common	Record and Beneficial	1,454	60.6%
KENNETH JOHN GRAY Toronto, Ontario	A.G.F. Management Limited	Manager	Common	Record and Beneficial	610	25.4%

A.G.F. Management Limited currently holds one unit of the Preferred Fund, which unit will be redeemed by the Preferred Fund immediately after the Closing (as hereinafter defined).

Description of Units of the Preferred Fund

The securities offered by this prospectus are an unlimited number of units each representing an equal undivided interest in the property of the Preferred Fund. At May 8, 1984 there was one unit of the Preferred Fund issued and outstanding.

All units of the Preferred Fund are of the same class with equal rights and privileges. Each unit is entitled to one vote and to participate equally in the distributions made by the Preferred Fund and, on liquidation, in its assets remaining after satisfaction of outstanding liabilities. Units are fully paid and non-assessable when issued. Fractions of units may be issued. Unitholders are entitled to redeem units as set forth under "Redemption of Units". The units are transferable without restriction. Units of the Preferred Fund may be subdivided or consolidated by the Trustee upon the Trustee giving at least 21 days' notice in writing to each unitholder of its determination to subdivide or consolidate the units of the Preferred Fund. The provisions or rights attaching to the units of the Preferred Fund may only be modified, amended or varied in accordance with the provisions contained in the Declaration of Trust as described under "Modification of the Declaration of Trust".

Sale of Units

The units of the Preferred Fund offered by this prospectus will be distributed by A.G.F. Management Limited pursuant to a distributorship agreement between the Preferred Fund and A.G.F. Management Limited dated May 8, 1984 (the "Distributorship Agreement"). Under this agreement, A.G.F. Management Limited has agreed to offer units of the Preferred Fund for sale on a best efforts basis during the Initial Offering Period if, as and when issued by the Preferred Fund.

The initial offering of units will continue for a period (the "Initial Offering Period") ending at the close of business on June 22, 1984 or such date (not more than seven days later) as may be determined by A.G.F. Management Limited. During the Initial Offering Period, orders will be received at any time. Orders will be received subject to acceptance of orders for not less than 25,000 units (the "Minimum Offering Amount") by the termination of the Initial Offering Period and subject to the right to close the order books at any time without notice. It is expected that the closing will take place on or about June 26, 1984 but not later than seven days after the termination of the Initial Offering Period (the "Closing"). The subscription price will be payable on the last day of the Initial Offering Period. Subscription monies will be received and held in escrow pursuant to the terms of an agreement dated May 8, 1984 (the "Escrow Agreement") among the Trustee, A.G.F. Management Limited and a Canadian chartered bank. If subscriptions for the Minimum Offering Amount are not accepted, such monies will be returned to subscribers with interest earned thereon not more than seven days after the termination of the Initial Offering Period.

No units will be offered by the Preferred Fund for sale during the 60 day period following the termination of the Initial Offering Period. Thereafter units will be offered on a continuous basis.

The minimum amount for an initial investment by an investor in the Preferred Fund is \$1,000 and each subsequent investment by such investor must be at least \$500. Investors may place orders with, and send the subscription price for units to, investment dealers, brokers and mutual fund specialists registered in the province of purchase. Orders may also be placed directly with, and the subscription price for units may be sent directly to, A.G.F. Management Limited in the Province of Ontario. All orders for units will be forwarded by mail the same day that they are received to the head office of the Preferred Fund for acceptance or rejection and the Preferred Fund reserves the right to reject any order in whole or in part. At the request and expense of the investor an order for units will be transmitted to the head office of the Preferred Fund by telephone or telegraphic communication. The decision to accept or reject any order for units will be made promptly and in any event within two days of receipt by the Preferred Fund of the order. In the event that an order for units is rejected, all money received with the order will be returned immediately to the subscriber. No certificates will be issued for units purchased unless requested by the unitholder.

None of the provisions of the Distributorship Agreement may be added to, changed or deleted without the approval of the unitholders of the Preferred Fund, such approval to be expressed by at least a majority of the votes cast at a meeting of the unitholders duly called for the purpose of considering the same. The Distributorship Agreement may be terminated by the Trustee only upon the approval of the unitholders of the Preferred Fund, such approval to be expressed by at least 66-2/3% of the votes cast at a meeting of unitholders duly called for the purpose of considering the same at which the holders of at least 33% of the units of the Preferred Fund are represented. The Distributorship Agreement may also be terminated at the request of A.G.F. Management Limited or upon the mutual agreement of A.G.F. Management Limited and the Trustee but only upon the approval of the unitholders of the Preferred Fund, such approval to be expressed by at least a majority of the votes cast at a meeting of the unitholders duly called for the purpose of considering the same.

The subscription price to the public of the units is the net asset value per unit plus a commission. Commissions on sales of units will be divided between A.G.F. Management Limited and any other investment dealer, broker or mutual fund specialist through which orders for units are placed. The net asset value per unit during the Initial Offering Period is fixed at \$9.60. After the termination of the Initial Offering Period, the net asset value per unit will be the net asset value per unit from time to time, computed in the manner referred to under the heading "Computation of Net Asset Value". During the initial and subsequent continuous offering, the commission is equal to a maximum of 4.0% of the subscription price including such commission or 4.17% of the net asset value. The commission on an initial purchase of units will vary according to the amount of the aggregate subscription price and will be as follows:

Aggregate Subscription Price	Commission as per cent of the Amount Paid by the Purchaser	Commission as per cent of the Net Asset Value
Up to \$ 24,999	4.0%	4.17%
\$ 25,000 to \$ 99,999	3.0%	3.09%
\$100,000 to \$499,999	2.0%	2.04%
\$500,000 and above	1.0%	1.01%

"Aggregate Subscription Price" in the table above includes the aggregate of present holdings and concurrent purchases of units of the Preferred Fund and shares or units of other mutual funds (with the exception of AGF Money Market Fund) distributed by A.G.F. Management Limited valued at the higher of the purchase price thereof and the current net asset value of such shares or units together with commission paid or payable. It shall be the investor's responsibility to advise A.G.F. Management Limited that a reduced rate of commission may be applicable in accordance with the preceding sentence. A.G.F. Management Limited in determining the rate of commission applicable to any purchase of units may regard purchases made by a purchaser or by the purchaser's spouse or on behalf of the purchaser's children who have not attained the age of majority, as being a purchase of units made by one investor. In addition, if purchases of units are made by a trustee or other fiduciary purchasing units for a single trust estate or for a single fiduciary account (although more than one beneficiary may be involved), A.G.F. Management Limited may regard the purchases as a purchase of units made by one investor.

In the event that units are being purchased during the subsequent continuous offering for resale by an investment dealer, broker or mutual fund specialist, a lower commission may be charged to such investment dealer, broker or mutual fund specialist than the investment dealer, broker or mutual fund specialist will charge

to the investor purchasing the units. The Distributorship Agreement provides that the commission will be used to defray all expenses in connection with the distribution of the units.

Use of Proceeds

The net proceeds derived by the Preferred Fund from the sale of the units offered by this prospectus will be used for investment purposes in accordance with the investment objectives, restrictions and policies of the Preferred Fund. Reference is made to "Investment Objectives" and "Investment Restrictions and Policies".

Computation of Net Asset Value

The net asset value per unit during the Initial Offering Period is fixed at \$9.60. Thereafter, the net asset value per unit of the Preferred Fund will be computed by dividing the value of the net assets of the Preferred Fund (that is, the value of the assets of the Preferred Fund less its liabilities) by the total number of units of the Preferred Fund outstanding at such time and adjusting the quotient to the nearest cent per unit. The net asset value per unit for the purpose of the issue or redemption of units will be the net asset value per unit next determined. The net asset value per unit will be determined as at the close of trading on each day on which The Toronto Stock Exchange is open for trading unless the Trustee has declared a suspension of the determination of the net asset value as described under "Redemption of Units". The net asset value so determined at any time will remain in effect until the time as at which the next determination of net asset value is made. In calculating net asset value at any time:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to shareholders of record on a date before the date as of which the net asset value is being determined), and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Trustee has determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee determines to be the reasonable value thereof;
- (b) the value of any security which is listed or dealt in upon a stock exchange shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the latest available sale price or the latest available bid price, whichever in the opinion of the Trustee better reflects the value thereof, as at the close of business on the day as of which the net asset value is being determined, or if such stock exchange is not open on that day, then on the last previous day on which such stock exchange was open for trading, all as reported by any means in common use;
- (c) the value of any security which is not listed or dealt in upon any exchange shall be determined on the basis of such price quotations as the Trustee determines best reflects its fair value;
- (d) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Preferred Fund or by the Preferred Fund's predecessor in title shall be the fair value otherwise calculated in accordance with the principles herein set out, provided that such value shall be reduced by the same rate of discount which applied at the time of purchase and provided further that the rate of such discount may be reduced proportionately where such restriction is to be lifted on a specific date; and
- (e) the value of any security or property for which no price quotations are available as above provided shall be the fair value thereof determined in such manner as the Trustee from time to time provides.

For the purpose of determining net asset value at any time, units of the Preferred Fund ordered are deemed to be outstanding as of the time of acceptance of the order for units by the Preferred Fund and the amount received or receivable by the Preferred Fund therefor is deemed to be an asset of the Preferred Fund. For the purpose of determining net asset value at any time, units of the Preferred Fund, an application for redemption of which has been received by the Preferred Fund, are deemed to be outstanding until (and not after) the close of business on the day as of which the net asset value per unit thereof is next determined and thereafter, until paid, the redemption price is deemed to be a liability of the Preferred Fund.

For the purpose of the issuance and the redemption of units and for any distribution to unitholders, the price, value or amount paid to or distributed by the Preferred Fund is in Canadian currency and for the purpose of all necessary conversions of funds from other currencies to Canadian currency, the current rate of exchange as quoted to the Preferred Fund by its bankers as nearly as practicable at the time as of which the net asset value is being computed shall be used.

Redemption of Units

A unitholder may by written application to the Trustee have units redeemed out of the net assets of the Preferred Fund at the net asset value per unit next determined following receipt in proper form of such application for redemption. The net asset value per unit will be normally determined as at the close of trading on each day that The Toronto Stock Exchange is open. All applications for redemption must be signed by the unitholder with his signature guaranteed by a Canadian chartered bank or trust company or by a member of a recognized stock exchange in Canada. If certificates representing the units to be redeemed have been issued, the application for redemption must be accompanied by such certificates. If the unitholder is a corporation, partnership, agent, fiduciary or surviving joint owner, additional documentation of a customary nature will be required. Any application for redemption which is not forwarded directly to the Trustee by the unitholder is to be forwarded by the investment dealer, broker or mutual fund specialist receiving the same to the Trustee by mail on the same day that the completed application is received. At the request and expense of the unitholder, the particulars of such application for redemption will be transmitted to the Trustee by telephone or telegraphic communication. No redemption will be effected until the application for redemption has been duly completed and the certificates, if any, representing the units to be redeemed have been delivered to the Trustee, properly executed with signature guaranteed as aforesaid.

Payment for the units which are redeemed will be made within seven days from the date of the determination of the net asset value per unit for the purpose of effecting the redemption provided that the investor's cheque in payment for the purchase of any of the units being redeemed has cleared. The use of certified cheques or bank drafts for purchases will eliminate any such possible delay. The net asset value of the units accepted for redemption will be computed in the manner referred to under "Computation of Net Asset Value". There is no difference on any given day between the price at which units are offered to the public and the price at which units are redeemed. However, there is a commission payable in respect of a subscription for units as described under "Sale of Units".

Due to the relatively high cost of maintaining small accounts, the Preferred Fund reserves the right to redeem units in any account at the net asset value thereof if at any time the aggregate net asset value of such units is less than \$750. Unitholders will be notified that the aggregate net asset value of the units held in their account is less than \$750 and allowed 30 days to make an additional investment to increase the aggregate net asset value of such units in the unitholders' account to not less than \$750 before the redemption is processed.

The Trustee reserves the right to suspend the right of redemption and to postpone the date of payment upon redemption for any period during which normal trading is suspended on any stock exchange within or outside Canada on which securities are listed which represent more than 50% in value of the total assets of the Preferred Fund without allowance for liabilities or, subject to the consent of the Ontario Securities Commission, for any period during which the Trustee determines that conditions exist as a result of which disposal of the portfolio securities owned by the Preferred Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of its net assets. In case of suspension of the right of redemption, a unitholder may either withdraw his redemption request or receive payment based on the net asset value per unit next determined after the termination of the suspension.

Distributions

Distributions will be made on the last business day of each month, commencing in July 1984, to unitholders of record at the close of business on the second last business day of each month in amounts estimated by the Manager to equal one-twelfth of the anticipated net income of the Preferred Fund for tax purposes for the calendar year. The Preferred Fund will also distribute its net realized capital gains (reduced by loss carry forwards, if any) in the last month of each calendar year to unitholders of record at the close of business on the second last business day of such month. The Trustee may also make such other distributions at such times as the

Trustee in its sole discretion determines. Accordingly, investors who purchase units of the Preferred Fund should take into account that there will be record dates for distributions by the Preferred Fund.

The net income of the Preferred Fund (excluding net taxable capital gains) will consist primarily of dividend income. The net taxable capital gains of the Preferred Fund are taxable capital gains (one-half of capital gains) less its allowable capital losses (one-half of capital losses) as computed in accordance with the provisions of the Income Tax Act (Canada). Capital gains and capital losses include gains or losses realized by the Preferred Fund on the sale of portfolio securities. Distributions for any year will be made first out of net income, then, out of realized gains on investments, and, if the distributions actually made exceed the two preceding sources of funds, then out of contributed capital.

Unless otherwise directed by the unitholder, all distributions will be cash distributions. Cheques representing the cash amount of the distribution will be mailed to unitholders within the first ten business days of the following month. Unitholders may, at their option, request that distributions be reinvested automatically in additional units of the Preferred Fund at the net asset value thereof, without commission or other charge, in lieu of such cash payment. The net asset value at which the distributions are reinvested in units of the Preferred Fund is the net asset value determined at the close of business on the last business day of the month. Such distributions constitute liabilities of the Preferred Fund and therefore reduce the net asset value of the Preferred Fund.

Taxation

In the opinion of Tory, Tory, DesLauriers & Binnington the following is a general summary of the principal Canadian federal income tax considerations for the Preferred Fund and for prospective purchasers of units who are resident in Canada and who will hold units of the Preferred Fund as capital property. This summary is not exhaustive of all possible income tax considerations and therefore prospective unitholders are advised to consult their own tax advisors about their individual circumstances. This summary is based on the assumption that the Preferred Fund will comply at all material times with conditions prescribed in the Income Tax Act (Canada) (the "Act") so that the Preferred Fund will qualify as a mutual fund trust as defined in the Act. The Preferred Fund anticipates that it will so qualify.

The Preferred Fund will not have taxable income in any year for the purposes of the Act as the Preferred Fund will in each year distribute an amount not less than its net income for tax purposes and net realized capital gains (reduced by loss carry forwards, if any) to unitholders. Net income and net realized capital gains for a particular year will generally be reduced by losses not used to reduce prior years' distributions.

Unitholders will be required to include in their income for tax purposes the amount of net income and net taxable capital gains, if any, distributed to them, whether or not reinvested in additional units of the Preferred Fund. To the extent that distributions by the Preferred Fund in any year exceed the net income and the net realized capital gains of the Preferred Fund, such distributions will be a return of capital and will not be taxable but will reduce the adjusted cost base of a unitholder's units.

The Preferred Fund will designate to the extent permitted by the Act the portion of the net income distributed to unitholders as may reasonably be considered to consist of taxable dividends received by the Preferred Fund on shares of taxable Canadian corporations. Any such designated amount will be deemed for tax purposes to be a taxable dividend received by unitholders in the year. In the case of a unitholder who is an individual, the dividend gross-up and tax credit treatment normally applicable to dividends paid by a taxable Canadian corporation will apply. In addition, the deduction of up to \$1,000 of interest, grossed-up dividends and taxable capital gains will apply. In the case of a unitholder which is a corporation, other than a "specified financial institution" (as defined in the Act), amounts designated as taxable dividends will normally be deductible in computing its taxable income. A private corporation which is entitled to deduct such dividends in computing its taxable income will normally be subject to refundable tax under Part IV of the Act at the rate of 25%. Public corporations that are controlled directly or indirectly by an individual or a related group of individuals are also subject to tax under Part IV of the Act. A prospective unitholder which is a specified financial institution should consult its own tax advisors.

Unitholders will be advised each year of the amounts of net income for tax purposes, net taxable capital gains and any return of capital and of the amount of net income designated as taxable dividends where these items are applicable.

Upon the actual or deemed disposition of a unit, including the redemption of a unit by the Preferred Fund, whether pursuant to the exercise of the transfer privilege or otherwise, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the unitholder of the unit and any costs of disposition.

Eligibility

The Preferred Fund anticipates that it will qualify as a mutual fund trust as defined in the Act in which event units will be qualified investments for deferred income plans such as registered retirement savings plans and registered retirement income funds. However, the Preferred Fund has been designed to satisfy the investment objectives of certain taxable investors and not as an investment vehicle appropriate for such deferred income plans.

Units of the Preferred Fund may, depending on the investments by the Preferred Fund from time to time, be classified under the Act as “foreign property” of such plans. However, based upon the investment restrictions and policies of the Preferred Fund, it is unlikely that the investments by the Preferred Fund will cause the units to be classified as foreign property.

Transfer Privilege

A.G.F. Management Limited manages and offers for sale shares or units of mutual funds which at the date hereof include American Growth Fund Limited, Growth Equity Fund Limited, AGF Special Fund Limited, AGF HiTech Fund Limited, Canadian Trusteed Income Fund, AGF Option Equity Fund, Corporate Investors, Limited, Corporate Investors Stock Fund Limited, Canadian Gas and Energy Fund Limited, Canadian Security Growth Fund Limited and AGF Japan Fund Limited.

A unitholder who wishes to transfer all or part of his investment in the Preferred Fund to one or more of the mutual funds referred to above and qualified for sale in the jurisdiction of residence of the unitholder, may do so by effecting a redemption of the appropriate number of units of the Preferred Fund, following the procedures set out under “Redemption of Units”, and directing the Manager of the Preferred Fund to apply the proceeds representing the aggregate redemption price to the purchase of shares or units in the other mutual fund or funds referred to above. Any such direction may be given directly to A.G.F. Management Limited in the Province of Ontario or through investment dealers, brokers and mutual fund specialists registered in the province of purchase of the units or shares in the other mutual fund or mutual funds so designated by the unitholder. The commission applicable to such purchases will not exceed 2% of the subscription price including commission of the shares or units purchased pursuant to this transfer privilege. Permission to transfer from one mutual fund to another fund in this manner may be cancelled by A.G.F. Management Limited at any time without notice.

The redemption of units of the Preferred Fund pursuant to the exercise of this transfer privilege may cause a unitholder to realize a capital gain or loss for tax purposes and, in this respect, reference should be made to the information contained under “Taxation” relating to actual or deemed dispositions of units.

Promoter

The Manager took the initiative in founding and organizing the Preferred Fund. The Manager will receive remuneration from and in respect of the Preferred Fund as set out under “Management of the Preferred Fund” and “Sale of Units”. The Manager has incurred the cost of the offering of units during the Initial Offering Period.

Termination of the Preferred Fund

Pursuant to the Declaration of Trust, the Preferred Fund will continue until terminated by the Trustee. Termination is effected by the Trustee giving notice to the unitholders of the date (not less than six months after the date on which notice is given) on which such termination is to take effect and the Trustee complying with the other provisions with respect to termination contained in the Declaration of Trust.

Modification of the Declaration of Trust

The Trustee, with the approval of the Board of Governors, may amend the Declaration of Trust for certain limited purposes specified therein, including amendments required to bring the Declaration of Trust into conformity with applicable laws and regulations. Unless the Trustee and the Board of Governors agree that an earlier effective date is desirable as to a particular amendment and that the amendment is not detrimental to the interests of any unitholder, no amendment will take effect until after 30 days' notice to unitholders. Certain amendments, such as a change involving the investment restrictions of the Preferred Fund, may not be made without the approval of 66-2/3% of the votes cast at a meeting of unitholders duly called for that purpose at which holders of at least 25% of the units of the Preferred Fund are represented. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of unitholders duly called for that purpose.

On not less than 90 days' written notice, the Manager may dismiss the Trustee or the Trustee may resign. In that event, the Manager with the consent of the Board of Governors must appoint a new trustee to take office when the dismissal or resignation becomes effective. If the Manager fails to appoint a new trustee, provision is made in the Declaration of Trust for the unitholders to appoint a successor trustee.

Auditors

The auditors of the Preferred Fund are Price Waterhouse, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario. The auditors of the Preferred Fund may only be changed with the approval of the unitholders of the Preferred Fund, such approval to be expressed by at least 66-2/3% of the votes cast at a general meeting of the unitholders duly called for the purpose of considering the same.

Records

The register of unitholders and the register of transfers of units of the Preferred Fund are kept by A.G.F. Management Limited at the offices of MFS Limited, 155 University Avenue, Toronto, Ontario. Montreal Trust Company, at its principal office in each of the cities of Calgary, Winnipeg, Montreal and Halifax, acts as branch transfer agent and registrar for units of the Preferred Fund.

Material Contracts

The only material contracts which have been entered into by the Preferred Fund are the Management Agreement dated May 8, 1984, the Distributorship Agreement dated May 8, 1984 and the Escrow Agreement dated May 8, 1984. Copies of the Management Agreement referred to under "Management of the Preferred Fund", the Distributorship Agreement referred to under "Sale of Units", the Escrow Agreement referred to under "Sale of Units" and the Declaration of Trust referred to under "The Preferred Fund" may be inspected at the head office of the Preferred Fund during ordinary business hours on any business day.

Interest in Material Transactions

A.G.F. Management Limited will receive remuneration from or in respect of the Preferred Fund as set out under "Management of the Preferred Fund" and "Sale of Units". Messrs. Goldring and Farquharson, who are members of the Board of Governors of the Preferred Fund, are also directors, officers and shareholders owning more than 10% of the common shares of the Manager. In addition to the number of common shares of the Manager owned by them (as set out under "Principal Holders of Securities"), Messrs. Goldring and Farquharson own a substantial number of Class B Non-Voting Preference Shares of the Manager. Messrs. Goldring and Farquharson receive direct remuneration from the Manager and as shareholders of the Manager have an interest in the remuneration that the Manager will receive from or in respect of the Preferred Fund. Mr. Goldring, Mr. Cameron, Mrs. Turner and Mrs. Jerred are directors and/or officers of AGF Securities, Inc. and/or Strathy & Simmons Limited which are, by statutory definition, principal brokers of the Preferred Fund.

From time to time, the Manager, the directors, officers or employees of the Manager, members of the Board of Governors of the Preferred Fund or any of their respective associates, affiliates or immediate family members, may invest in the Preferred Fund by purchasing units at the net asset value thereof without commission or other charge.

Legal Matters

The matters referred to under "Taxation" and certain other legal matters relating to the offering of units during the Initial Offering Period will be passed upon at the Closing by Tory, Tory, DesLauriers & Binnington.

Summary of Charges

For a statement with respect to the fees and charges in connection with the offering of units made by this prospectus, reference is made to the following:

- 1) the fees payable by the Preferred Fund to the Manager and the expenses payable by the Preferred Fund referred to under "Management of the Preferred Fund";
- 2) the commission payable by an investor on the purchase of units of the Preferred Fund as set forth under "Sale of Units"; and
- 3) the commission payable by a unitholder exercising the transfer privilege as set forth under "Transfer Privilege".

Purchasers' Statutory Rights

Securities legislation in certain of the provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser but such remedies must be exercised by the purchaser within the time limits prescribed by the securities legislation of his province or territory. The purchaser should refer to any applicable provisions of the securities legislation of his province or territory for the particulars of these rights or consult with a legal advisor.

AGF PREFERRED INCOME FUND

Statement of Assets and Liabilities As at April 10, 1984

Assets

Cash	\$10
NET ASSETS REPRESENTING UNITHOLDER'S EQUITY	<u>\$10</u>
1 unit outstanding	
NET ASSET VALUE PER UNIT	<u>\$ 9.60</u>

Approved by the Board of Directors of A.G.F. Management Limited,
as Trustee of AGF Preferred Income Fund

(Signed) C.W. GOLDRING, Director

(Signed) R.J. WHITING, Director

Notes to Financial Statement

1. The Preferred Fund was established as a trust on April 10, 1984 under the laws of Ontario. An unlimited number of units may be sold. One unit was issued for cash on April 10, 1984.
2. On May 8, 1984, the Preferred Fund entered into a management agreement with A.G.F. Management Limited, under which the Preferred Fund has agreed to pay A.G.F. Management Limited a fee at the rate of one half of one percent per annum of the average daily net asset value of the Preferred Fund.

Auditors' Report

To the Directors of
A.G.F. MANAGEMENT LIMITED,
as Trustee of AGF Preferred Income Fund

We have examined the statement of assets and liabilities of AGF Preferred Income Fund as at April 10, 1984. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the statement of assets and liabilities presents fairly the financial position of the Preferred Fund as at April 10, 1984 in accordance with generally accepted accounting principles.

Toronto, Ontario
May 8, 1984

(Signed) PRICE WATERHOUSE
Chartered Accountants

Certificates

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XIV of the Securities Act (Ontario), by Part 7 of the Securities Act (British Columbia), by Part 8 of the Securities Act (Alberta), by Part VIII of The Securities Act (Saskatchewan), by Part VII of The Securities Act (Manitoba) and the respective regulations thereunder, and by Section 13 of the Securities Act (New Brunswick). This prospectus, as required by the Securities Act (Quebec) and the regulations thereunder, does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed.

Dated the 8th day of May, 1984.

(Signed) C.W. GOLDRING
Chairman of the Board,
President and Chief
Executive Officer of
A.G.F. Management
Limited

(Signed) Y.C. JERRED
Vice-President,
Treasurer and
Chief Financial
Officer of A.G.F.
Management Limited

On behalf of the Board of Directors of A.G.F. Management Limited, as Trustee

(Signed) K.J. GRAY
Director

(Signed) R.J. WHITING
Director

A.G.F. MANAGEMENT LIMITED, as Promoter

By: (Signed) MARY J. TURNER
Secretary

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all materials facts relating to the securities offered by this prospectus as required by Part XIV of the Securities Act (Ontario), by Part 7 of the Securities Act (British Columbia), by Part 8 of the Securities Act (Alberta), by Part VIII of The Securities Act (Saskatchewan), by Part VII of The Securities Act (Manitoba) and the respective regulations thereunder, and by Section 13 of the Securities Act (New Brunswick). To our knowledge, this prospectus, as required by the Securities Act (Quebec) and the regulations thereunder, does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed.

Dated the 8th day of May, 1984.

A.G.F. MANAGEMENT LIMITED

By: (Signed) MARY J. TURNER
Secretary

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the voting capital of A.G.F. Management Limited: Charles Warren Goldring, Kenneth John Gray and William Robert Farquharson.

